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1. PARIS URGES INDEPENDENT EUROPEAN NUCLEAR WEAPONS CAPABILITY

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France now favors a European nuclear weapons program--independent of the United States and if necessary of Britain--instead of the "NATO stockpile" of nuclear weapons it had originally proposed. Recent French overtures to West Germany, Italy, and the Benelux countries have called for closer integration within the framework of the Atlantic pact of their military effort, particularly in the development and production of modern weapons. The decision to press such proposals probably resulted from French indignation over the Anglo-American arms delivery to Tunisia.

Paris is also laying the groundwork for possible bilateral nuclear development programs, particularly with West Germany, which seems interested in a joint effort. The French have little grounds for hope that Premier Gaillard's recent request for a French-British accord on nuclear weapons production will be favorably received in London.

Whether or not these efforts pay off, France intends to push its own national nuclear weapons program.

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3. RENEWED FRENCH LABOR AGITATION THREATENS GAILLARD GOVERNMENT

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Worker dissatisfaction over wage-price problems has precipitated a split in the Gaillard cabinet, and an increasing number of French union

leaders are predicting serious labor difficulties in the coming months. If the government permits announced price rises to stand, labor unrest may give the Communist-led General Labor Confederation a chance to regain the initiative and reassert its influence among wage earners.

The government had been successfully pursuing a policy of granting modest wage increases to various segments of the nationalized industries. This policy may now break down, however, as the 4 December price rises, particularly on food items, appear to labor to nullify its modest wage gains. The Socialist Workers Confederation has decided to abandon its moderate wage policy and to join the Communist- and Catholic-led unions in pressing for increases.

The wage-price squabble has developed the strongest threat to date for the tenuous Gaillard coalition. The Socialists are threatening to withdraw from the government unless Premier Gaillard agrees to lower some of the controlled price increases and to boost civil servant wages substantially. If Gaillard gives in, he can adhere to the projected anti-inflationary program only by further tax increases, which the conservative ministers in the cabinet insist they will not accept.

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4. SITUATION IN INDONESIA

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The anti-Dutch campaign in Indonesia is continuing unabated, and the extremist elements in the government now are in command. The West Irian Liberation Committee under Information Minister Sudibjo, rather than the cabinet, is directing the drive. The next step will probably be a break in diplomatic relations.

Although President Sukarno has made no public statement since his brief radio address of 1 December following the attempt on his life, there is no reason to believe that any of the actions taken to date do not have his full approval. Moderate elements, including Premier Djuanda, have been bypassed and their calls for moderation have been ineffectual.

The seizure of Dutch enterprises by affiliates of SOBSI, the Communist-led labor federation, apparently had been planned in advance by SOBSI, elements of the military, and the semiofficial and Communist-permeated youth-military cooperative committee. The government has taken over the management of some of these enterprises, and Sudibjo has stated that the government will discuss compensation for seized Dutch property only after the West Irian issue is settled.

It is increasingly questionable whether the government will be able to maintain control of the forces it has unleashed. Worsening economic conditions, especially spiraling rice prices, could provoke attacks against the Dutch or other Western nationals and possibly fighting among the Indonesians themselves in the already overcharged emotional atmosphere.

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8. POLISH-WEST GERMAN RELATIONS

[REDACTED] Poland, in its current trade talks with West Germany, is only feigning an interest in Bonn's suggestion that trade missions with consular powers be exchanged, [REDACTED]

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[REDACTED] Polish Foreign Minister Rapacki has indicated that Poland has no intention of agreeing to anything

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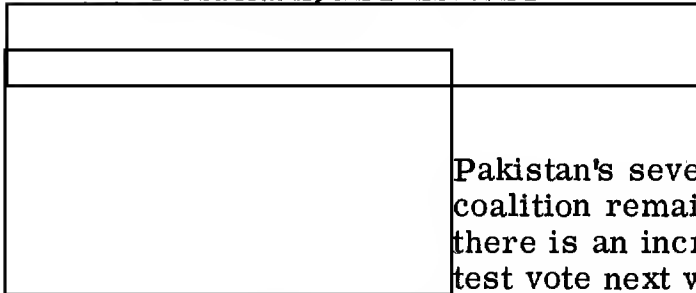
less than the establishment of diplomatic relations.

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Warsaw would consider establishment of full-scale diplomatic relations with the Federal Republic de facto recognition of the Oder-Neisse line. The West Germans, however, are probably seeking a formula that would satisfy the Poles without invalidating the Potsdam provision for future settlement of Germany's boundary and certainly would refuse any formula which implicitly recognizes the permanence of the Oder-Neisse line. The existing trade agreement has been extended to cover the first three months of 1958, to permit further negotiation.

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**9. RESIGNATION OF PAKISTANI GOVERNMENT
INCREASINGLY LIKELY**

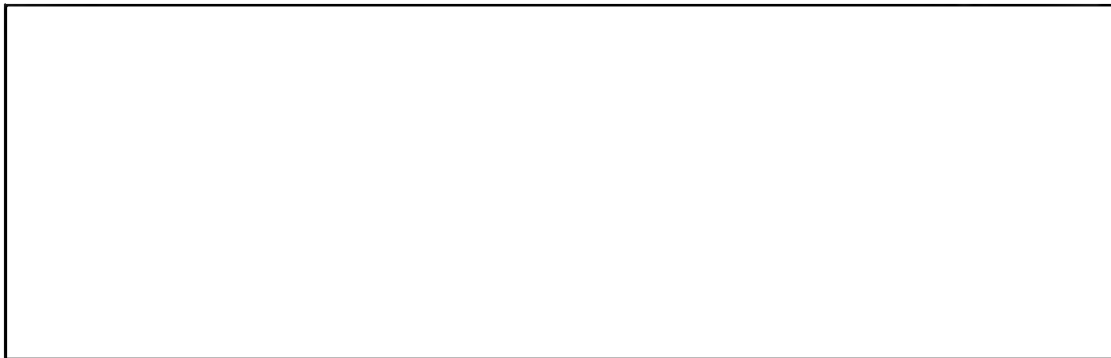


Pakistan's seven-week-old government coalition remains deeply divided, and there is an increasing likelihood that a test vote next week in the National As-

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sembly will cause the government to resign. Former Prime Minister Suhrawardy's chances of returning to power seem to be improving.

Despite the apparent agreement on 28 November between President Mirza's Republican party and Prime Minister Chundrigar's Moslem League to support a Moslem League bill restoring separate electorates, a substantial segment of Republican leaders is reasserting its opposition to the legislation. The Republican executive will meet on 9 December to decide the party's stand. It now appears doubtful that enough members will support the bill when the National Assembly reconvenes for a vote on 11 December. Chundrigar has threatened to resign if the Republicans do not honor their commitment to him.



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10. SUSLOV CRITICIZES JAPANESE COMMUNISTS FOR FAILURE TO DEVELOP MASS INFLUENCE

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[REDACTED]

Soviet Party Secretary Suslov has criticized the Japanese Communist party for failure to increase its membership and for faulty implementation of its tactics, which delayed peaceful expansion of Communist influence in the Japanese labor movement. According to Mainichi, a Tokyo daily, the criticism was transmitted in an 18 November letter from Yoshio Shiga, head of the Japanese delegation to the Moscow 40th anniversary celebrations.

Moscow apparently feels that the Japanese Communists' performance has not measured up to the terms of the established world Communist tactical line, reaffirmed in the Moscow Communist declaration of 21 November, which calls for Communist parties to rally all classes and all forces, including socialists and neutralists, for a struggle to defeat American policies and establish Communist regimes in countries outside the bloc.

Suslov reportedly said that the party's task, now that ultra-left tactics have been put aside, is to win as many members and sympathizers as possible through "practical struggles" i. e., primarily political forms of action rather than violence, using its influence more discreetly and effectively in non-Communist organizations.

The Japanese Communist party is plagued by factional struggles between members who favor Moscow's policy and those who advocate a national party. A new "soft" line platform corresponding with 20th party congress directives is scheduled for adoption at the long-delayed national convention which is anticipated to convene in February 1958. [REDACTED]

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